

## 5. Social and Cultural Environment

The social environment of business includes social factors like customs, traditions, values, beliefs, poverty, literacy, life expectancy rate etc. The social structure and the values that a society cherishes have a considerable influence on the functioning of business firms. Social value and lifestyle changes are most important directly and indirectly leave impact on the business environment.

The changes in culture and lifestyle may come from many sources: medical (smoking, healthy eating, exercises); science (global warming, going 'green'); economic (people working longer, women in the workforce); cultural diversity (music preferences, foods, living accommodations, medicine); and technologies (biodegradable plastic) are just a few examples.

Due to increase in literacy rate the consumers are becoming more conscious of the quality of the products. These changes will be important to the industry and to the business. The social environment of business includes social factors like customs, traditions, values, beliefs, poverty, literacy, life expectancy rate etc.

### Social and Cultural Factor

In the business world, culture is always treated an important factor of success. There are two widely accepted ways to classify cultures based on differences in characteristics such as values, attitudes, social culture structure and so on.

The social structure and the culture of society have great influence on the functioning of business activities. Each society has its own culture which consists of the customs, values, attitudes, beliefs, habits, languages and other forms of interaction between the members of the society.

Social factors include the cultural implications, the gender and connected demographics, the social lifestyles, the domestic structures.

Three aspects may be noted in the current socio-economic philosophy :

1. **Changes in our Life Styles and Social Values :** For instance, changing role of women, emphasis on quality of goods instead quantity of goods, greater reliance on government, and greater preference for recreation activities.
2. **Major Social Problems :** For example, concern for pollution of environment, demand for socially responsible marketing policies, head for safety in occupations and products, etc.
3. **Growing Consumerism :** It is indicating consumer dissatisfaction on a large scale against unfair trade practices. Social environment in many countries is responsible for emphasizing social responsibility of business and customer oriented marketing approach.

**(a) Social Systems :** *The concept of social system is closely related to the concept of social structure which is the means through which a social system functions.* The main elements of social system are :

- Belief (knowledge)
- Sentiment,
- End, Goal or Objective
- Norms

- Status
- Power
- Facility

**(b) Social Values and Attitudes :** Changing social values are beginning to question the basics of the age old social institutions and systems. Customs, traditions and conventions are not rigid anymore. Views towards authority, responsibility and delegation, attitudes towards business as a profession, views towards achievements and work, are all undergoing rapid changes. The MNCs take special care of the social values and attitudes in a particular economy while planning their entry therein.

**(c) Social Responsibility of Business :** Social responsibility of business refers to the obligation of the business enterprises to decide on policies and plans of action in the social interest and for social good. Social responsibilities of business have to be considered with particular reference to responsibilities towards shareholders, employees, consumers, the government, and public at large.

**(d) Size of Population :** The size of the population is an important determinant of demand for many products. Poor countries with small population are generally not attractive for business. As against that, the advanced countries, particularly those with large population, are generally attractive markets. Because of the large potential of these markets, the competition is also quite strong.

**(e) Education :** There is a close positive relationship between education and level of economic well-being. According to the World Bank report, developing countries with high literacy rates have tended to grow faster even after allowances are made for differences in income and investment.

**(f) Income :** *Income is the amount of money individuals earn from their daily economic activities, be it employment, business or investments.* The availability of disposable income influences spending habits.

However, when income is scarce, customers tend to restrict their spending to essential items. Income fluctuations occur as a result of changes in the rates of economic growth. When the economy is doing well, employees earn pay hikes, businesses post record sales, financial markets thrive and mutual funds grow.

**(g) Occupation :** *Occupation refers to the type of jobs people perform by virtue of their skills, experiences or choices.* The different types of occupation dictate the income earned by people in the society. High-salaried individuals are normally associated with skilled occupations such as doctors, engineers, lawyers and accountants. Self-employed individuals owning successful businesses also generate huge amounts of income.